

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

No. 232

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### Introduced by Assembly Member Price

January 30, 2007

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An act to add and repeal Chapter 12.9 (commencing with Section 7090) of Division 7 of Title 1 of the Government Code, relating to housing and community development.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 232, as amended, Price. Housing and community development: Economic Opportunity ~~Initiative~~. *Initiative Program*.

Existing law provides for various programs to promote economic development opportunities in the state.

~~This bill would state the intent of the Legislature to establish a statewide action plan to revitalize the low-income neighborhoods of Los Angeles, Oakland, Sacramento, San Diego, and San Francisco, through an integrated investment and development strategy, as provided, until January 1, 2013, enact the Economic Opportunity Initiative Act of 2007, to require the Business, Transportation and Housing Agency to establish a pilot project to be known as the Economic Opportunity Initiative Program. It would require the agency to enter into technical and partnership assistance agreements with economic development corporations meeting specified criteria. It would require the agency to conduct a study on the impact of the program and report the results of the study to the Governor and the Legislature on or before December 31, 2012.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares the following:

2     (a) Far too many of this state's urban residents and areas  
3 continue to be neglected and plagued by unemployment, poverty,  
4 crime, drugs, neighborhood blight, and a poor quality of life.

5     (b) According to recent findings by the United States  
6 Department of Housing and Urban Development, the  
7 unemployment rate in this state's five major urban centers hovers  
8 around 20 percent, which is four times this state's average. Those  
9 five major urban centers contain just under 18 million people,  
10 which is nearly 52 percent of this state's population. The poverty  
11 rate remains at 40 percent.

12     (c) Aside from the variety of social, economic, and  
13 environmental ills associated with the above-referenced findings,  
14 chief among these problems are wasted resources and lost tax  
15 revenues, declining property values, the effects on community  
16 aesthetics, and generational wealth gaps.

17     (d) Distressed neighborhood conditions often lead to a sense of  
18 resignation and hopelessness, which is interpreted by children,  
19 youth, and families as a signal that no one cares and often prompts  
20 the belief that further damage to human life or property is costless.

21     (e) The California Economic Strategy Panel has found that  
22 quality of life is one of the key public policy issues that profoundly  
23 affects the capacity and prospects of this state's businesses to  
24 prosper and grow economically. A thriving neighborhood  
25 commercial district is a paramount component of each community's  
26 quality of life. It provides a central gathering place for  
27 entertainment, civic life, and commerce; supplies a focal point for  
28 community identity and pride; offers a sense of place, connectivity,  
29 integration, and cohesion for residents; attracts visitors and projects  
30 a healthy community image upon which industrial investors rely  
31 in part when making their location decisions; and provides  
32 small-business ownership opportunities, jobs, retail sales, and  
33 property tax revenues.

34     (f) In its 2002 report, "Creating a Shared California Economic  
35 Strategy: A Call to Action," the California Economic Strategy  
36 Panel recognizes economic development is widely distributed  
37 across many organizations and jurisdictions. The report calls for  
38 a more focused strategy tailored on regional diversity, and

1 recommends economic development investment goals with  
2 measurable outcomes including rising per capita income, job  
3 growth, new business creation, growing private sector investment,  
4 increased minority entrepreneurship, and reduced income  
5 inequality.

6 (g) Based on years of research and experience, the basic  
7 ingredients of innovative and inclusive communities include:

8 (1) A skilled workforce with opportunities for lifelong learning.

9 (2) Access to capital with a positive environment for private  
10 investment.

11 (3) Quality infrastructure, including transportation and housing.

12 (4) Effective governance, including proinnovative tax and  
13 regulatory policies.

14 (5) Collaboration between the public, private, and civic sectors.

15 (h) Based on extensive research, low-income neighborhoods  
16 can create the conditions for competitive industry and job creation  
17 if the right factors are in place.

18 ~~(i) It is the intent of the Legislature in enacting this act to do all~~  
19 ~~of the following:~~

20 ~~(1) Increase state assistance to civic and regional leaders in~~  
21 ~~order to pilot the development of a statewide action plan to~~  
22 ~~simultaneously revitalize the five low-income neighborhoods of~~  
23 ~~Los Angeles, Oakland, Sacramento, San Diego, and San Francisco,~~  
24 ~~through an integrated business investment, homeownership, and~~  
25 ~~workforce development strategy.~~

26 ~~(2) Provide incentives to the private sector to invest in the~~  
27 ~~implementation of a statewide action plan.~~

28 ~~(3) Foster innovation in strengthening this state's competitive~~  
29 ~~advantages and key industry clusters by employing broad-based~~  
30 ~~collaboration focused on the targeted inner-city neighborhoods~~  
31 ~~and economic regions.~~

32 *(i) Although many of California's inner city business and*  
33 *community leaders are addressing economic challenges with*  
34 *innovative approaches, limited capacity, fragmented or insufficient*  
35 *state economic development supports, and the lack of adequate*  
36 *private and public sector partnerships impedes their ability to*  
37 *reach critical mass in neighborhood and regional competitiveness.*

38 *(j) The continued neglect of mixed-use and infill development,*  
39 *along with business and job attraction, retention, incubation, and*  
40 *training opportunities in California's low- to moderate-income*

1 urban areas, particularly in the wake of a rapidly growing  
2 population, leads to many economic inefficiencies in the state,  
3 including the following:

4 (1) Further creating a disconnect between land and  
5 transportation management.

6 (2) Undermining the state's clean air and climate stabilization  
7 measures.

8 (3) Undermining the state's global competitiveness in  
9 agriculture.

10 (4) Increasing traffic and pollution.

11 (5) Contributing to decreased levels of family interaction.

12 (k) The absence of state support for neighborhood revitalization  
13 strategies that are community-based, collaborative, and  
14 market-driven makes it difficult to mitigate private equity  
15 investment risks in underserved markets, and to reverse the  
16 economic marginalization of California's low- to moderate-income  
17 populations.

18 (l) Therefore, it is the intent of the Legislature in enacting this  
19 act to do both of the following:

20 (1) Promote economic development and the creation of wealth  
21 and job opportunities in low- to moderate-income geographic  
22 areas and among individuals living in those areas by encouraging  
23 developmental venture capital investments in those areas.

24 (2) Foster innovation in strengthening California's competitive  
25 advantages and key industry clusters by employing broad-based  
26 collaboration focused on inner city neighborhoods and economic  
27 regions.

28 SEC. 2. Chapter 12.9 (commencing with Section 7090) is added  
29 to Division 7 of Title 1 of the Government Code, to read:

30  
31 CHAPTER 12.9. ECONOMIC OPPORTUNITY INITIATIVE ACT OF  
32 2007  
33

34 7090. This chapter shall be known and may be cited as the  
35 Economic Opportunity Initiative Act of 2007.

36 7091. (a) The Business, Transportation and Housing Agency  
37 shall establish a pilot project to be known as the Economic  
38 Opportunity Initiative Program, pursuant to which the agency may  
39 enter into technical and partnership development assistance  
40 agreements with community development corporations selected

1 *pursuant to subdivision (c) of Section 7092 for the purposes of this*  
2 *chapter.*

3 *(b) In implementing the program established pursuant to this*  
4 *chapter, the agency shall work in conjunction with the following*  
5 *entities, as appropriate:*

6 *(1) The California Arts Council.*

7 *(2) The California Community Colleges.*

8 *(3) The Department of Insurance.*

9 *(4) The California Environmental Protection Agency.*

10 *(5) The California Film Commission.*

11 *(6) The California State University.*

12 *(7) The Workforce Investment Board.*

13 *(8) The State Department of Education.*

14 *(9) The Department of Housing and Community Development.*

15 *(10) The Employment Training Panel.*

16 *(11) The Labor and Workforce Development Agency.*

17 *(12) The Public Employees' Retirement System.*

18 *(13) The State Teachers' Retirement System.*

19 *(14) The University of California.*

20 *(15) Any state entity deemed necessary by the agency.*

21 *7092. (a) A community development corporation may apply*  
22 *to participate in the program established under this chapter if it*  
23 *meets all of the following criteria:*

24 *(1) The organization is a nonprofit entity certified under Section*  
25 *501(c)(3) of the Internal Revenue Code.*

26 *(2) The organization has a management or volunteer team with*  
27 *experience in community development.*

28 *(3) The organization is rooted in the community it serves, and*  
29 *has a primary objective of contributing to a well-balanced*  
30 *statewide economy by facilitating the increase of business*  
31 *investment, homeownership, and workforce development assistance*  
32 *for persons and neighborhoods whose participation in the free*  
33 *enterprise system is hampered because of social or economic*  
34 *disadvantages.*

35 *(b) To participate in the program established under this chapter,*  
36 *an organization meeting the eligibility requirements set forth in*  
37 *subdivision (a) shall submit an application to the Business,*  
38 *Transportation and Housing Agency that includes all of the*  
39 *following:*

1     (1) Information regarding the community development  
2     qualifications and the general reputation of the organization's  
3     management.

4     (2) A description of how the organization intends to work with  
5     private investors, banks, and other financial institutions to address  
6     the unmet capital needs of the communities served.

7     (3) With respect to commitments to be made to the organization  
8     under this chapter, an estimate of the ratio of cash to in-kind  
9     contributions.

10    (4) A description of the organization's community action plan  
11    containing all of the following elements:

12    (A) A strategy to make investments along a commercial district  
13    thoroughfare in a low- to moderate-income geographic area that  
14    has a history of commercial and residential blight or developmental  
15    stagnancy, as documented by a state or local government authority.

16    (B) The Main Street Four Point Approach to organization,  
17    promotion, design, and economic restructuring for neighborhood  
18    commercial district revitalization as developed by the National  
19    Trust for Historic Preservation.

20    (C) A description of how implementation of the community  
21    action plan will do all of the following:

22    (i) Enhance technical assistance to small businesses, create  
23    opportunities for microbusinesses, attract and retain businesses  
24    in the area, increase access to capital and markets, and enhance  
25    the entrepreneurial climate in the area by preventing, controlling,  
26    and reducing crime, and forming partnerships to cultivate ongoing  
27    arts and entertainment venues in the area.

28    (ii) Revitalize the neighborhood by eliminating blight and  
29    increasing the availability of quality affordable owner-occupied,  
30    as well as market rate, housing.

31    (iii) Steer low- and moderate-income youth into science and  
32    engineering-related educational and career pathways by involving  
33    parents, academia, industry, after school programs, and community  
34    groups in a comprehensive case management and support system.

35    (iv) Steer at-risk youth, low-income adults, and ex-offenders  
36    away from destructive lifestyles and help them to be economically  
37    self-sufficient and productive members of the community through  
38    comprehensive career technical education and job placement  
39    services.

40    (9) Any other information the agency may require.

1     (c) (1) *The agency shall select organizations to participate in*  
2 *the program from among organizations submitting applications*  
3 *pursuant to subdivision (b).*

4     (2) *In selecting organizations pursuant to this subdivision, the*  
5 *agency shall consider all of the following:*

6     (A) *The likelihood that the organization will meet the goals of*  
7 *its community action plan.*

8     (B) *The experience and background of the organization's*  
9 *management team.*

10    (C) *The need for developmental venture capital investments in*  
11 *the geographic areas in which the organization intends to serve.*

12    (D) *The extent to which the organization will concentrate its*  
13 *activities on serving the geographic areas in which it intends to*  
14 *operate.*

15    (F) *The extent to which the activities proposed by the*  
16 *organization will expand economic opportunities in the geographic*  
17 *area and region in which it intends to serve.*

18    (H) *Any other factors deemed appropriate by the agency.*

19    (3) *The agency shall select organizations pursuant to this*  
20 *subdivision in a way that promotes neighborhood revitalization*  
21 *through integrated business investment, homeownership, and*  
22 *workforce development strategies in geographic areas across the*  
23 *state.*

24    7093. *The Business, Transportation and Housing Agency shall*  
25 *conduct a study on the impact of the program established by this*  
26 *chapter, including, but not limited to, the costs to the state of, and*  
27 *revenues generated by, the program. The agency shall report the*  
28 *results of the study to the Governor and the Legislature on or*  
29 *before December 31, 2012.*

30    7094. *This chapter shall remain in effect only until January 1,*  
31 *2013, and as of that date is repealed, unless a later enacted statute,*  
32 *that is enacted before January 1, 2013, deletes or extends that*  
33 *date.*